

## States where health insurers are squeezing out competition

SEP 8, 2015

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Proposed mergers among four of the nation's five largest health insurers could have a big effect on patients and physicians in many communities around the country. What will competition look like in your state? Find out which areas will be most impacted by changes in the health insurance market.

According to special AMA analyses released Tuesday, the proposed mergers of Anthem and Cigna and of Aetna and Humana would exceed federal antitrust guidelines designed to preserve competition in as many as 97 metropolitan areas within 17 states. The mergers also would raise significant competitive concerns in additional areas. All told, nearly one-half of all states could see diminished competition in local health insurance markets.

### A breakdown of changes brought by the proposed mergers

The Anthem-Cigna merger would exceed federal antitrust guidelines in 85 metropolitan areas within 13 states:

- California
- Colorado
- Connecticut
- Georgia
- Indiana
- Kentucky
- Maine
- Missouri
- Nevada
- New Hampshire
- New York
- Ohio
- Virginia

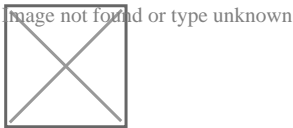
The merger also would raise significant competitive concerns in additional markets. All told, the Anthem-Cigna merger would diminish competition in up to 111 metropolitan areas within all 14 states in which Anthem currently operates. The 14th state affected is Wisconsin.

A closer look at the Aetna-Humana merger shows that it would exceed federal antitrust guidelines in 15 metropolitan areas within seven states:

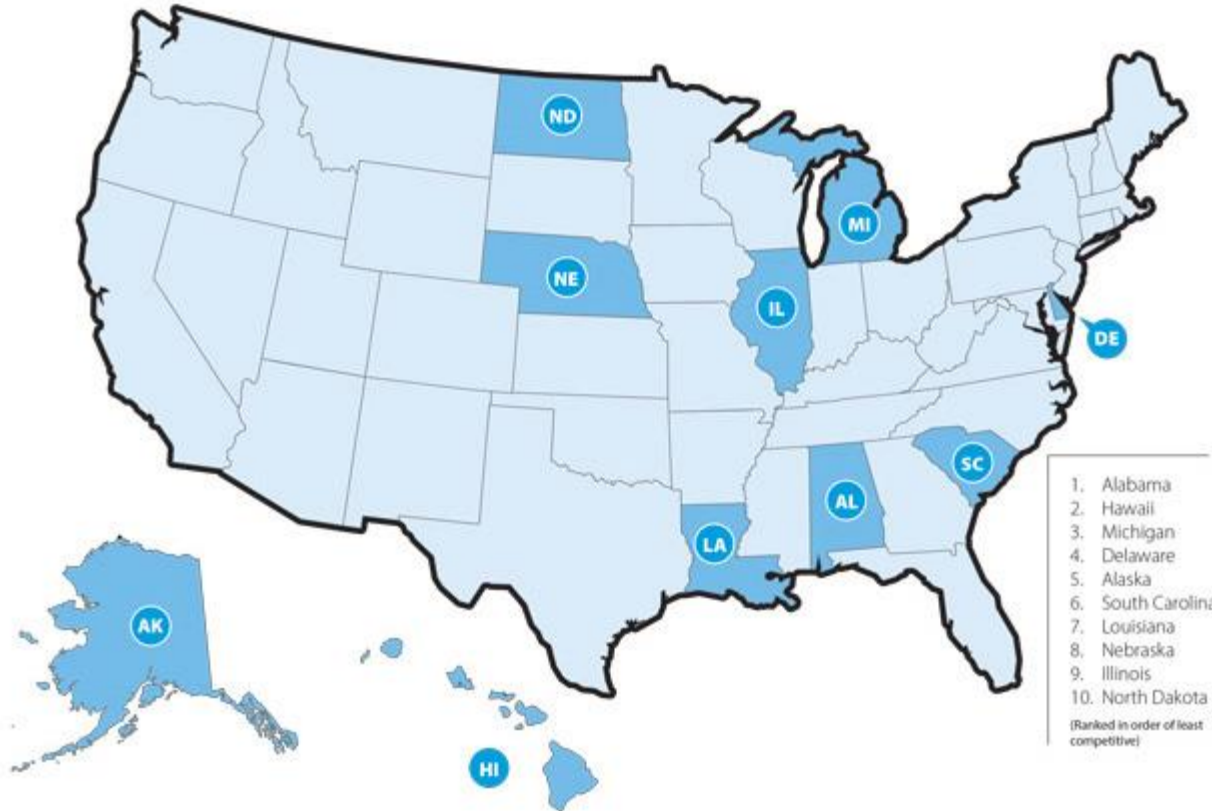
- Florida
- Georgia
- Illinois
- Kentucky
- Ohio
- Texas
- Utah

The merger also would raise significant competitive concerns in additional markets. In total, the Aetna-Humana merger would diminish competition in up to 58 metropolitan areas within 14 states. The seven additional states are Arizona, Indiana, Louisiana, Mississippi, Tennessee, Wisconsin and West Virginia.

## What the current market looks like



## Top 10 states with the least competitive health insurance markets



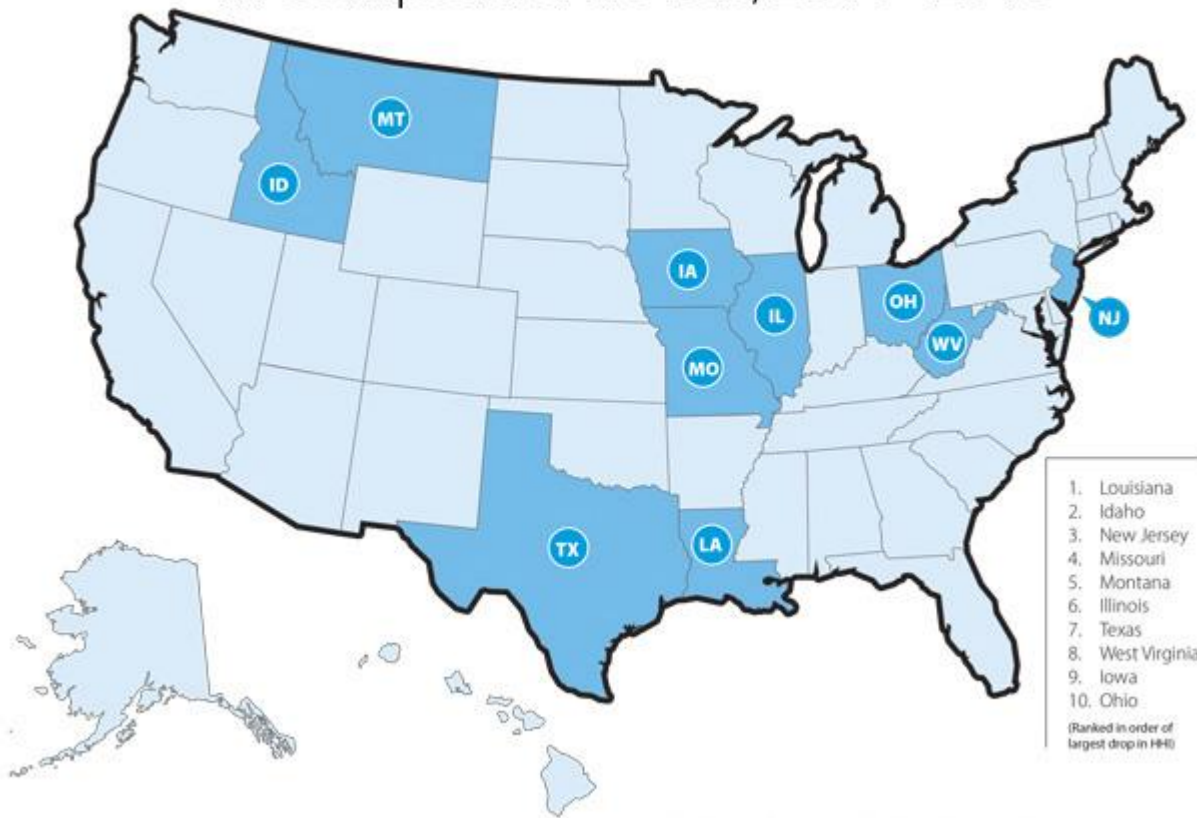
The findings about the effects of these two proposed mergers are based on an in-depth analysis of data used to create the newly released 2015 edition of the AMA's study *Competition in Health Insurance: A Comprehensive Study of U.S. Markets*, which offers the largest and most complete picture of competition in health insurance markets for 388 metropolitan areas, as well as all 50 states and the District of Columbia. The study is based on 2013 data captured from commercial enrollment in fully and self-insured plans. It also includes participation in consumer-driven health plans.

The prospect of reducing five national health insurance carriers to just three should be viewed in the context of the unprecedented lack of competition that already exists in most health insurance markets. According to the AMA's latest study, the 10 states with the least competitive commercial health insurance markets were:

1. Alabama
2. Hawaii

3. Delaware
4. Michigan
5. Alaska
6. South Carolina
7. Louisiana
8. Nebraska
9. Illinois
10. North Dakota

## Top 10 states with the least biggest drop in competition levels, 2010–2013



Additional important findings include:



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A significant absence of health insurer competition was found in 7 out of 10

metropolitan areas studied. These markets are rated “highly concentrated,” based on federal guidelines used to assess the degree of competition in a given market.

- In nearly 2 out of 5 metropolitan areas studied, a single health insurer had at least a 50 percent share of the commercial health insurance market.
- 14 states had a single health insurer that held at least a 50 percent share of the commercial health insurance market.
- 46 states had two health insurers that held at least a 50 percent share of the commercial health insurance market.
- The 10 states that experienced the biggest drop in competition levels between 2010 and 2013 (in rank order) were: Louisiana, Idaho, New Jersey, Missouri, Montana, Illinois, Texas, West Virginia, Iowa and Ohio.

“A lack of competition in health insurer markets is not in the best interests of patients or physicians,” AMA President Steven J. Stack, MD, said in a news release. “If a health insurer merger is likely to erode competition, employers and patients may be charged higher than competitive premiums, and physicians may be pressured to accept unfair terms that undermine their role as patient advocates and their ability to provide high-quality care.”

The new study is intended to help researchers, lawmakers, policymakers and regulators identify markets where mergers and acquisitions among health insurers may harm patients, physicians and employers.

The study is free to AMA members, and nonmembers can purchase a copy. Visit the AMA Store, or call (800) 621-8335 and mention item number OP427113 to order a copy.